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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

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National Intelligence Council

MEMORANDUM FOR: D/EURA

FROM: Maurice C. Ernst  
NIO/Economics

SUBJECT: Suggestions for EURA Research



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1. The US policy objective of achieving cancellation or postponement of the Yamal gas pipeline will continue to demand substantial analytical work in CIA. Although a great deal of work has been done, I believe there remain some serious gaps, which could be filled fairly easily. In my view, the principal gaps concern the determinants of Dutch and Norwegian natural gas policy.

2. The principal alternatives to Soviet gas for Western Europe are Dutch gas in the 1980s and Norwegian gas in the 1990s. Dutch projections of a decline in gas exports have been taken for granted, and it has been assumed that, if demand for Soviet gas fell short of the levels necessary to make efficient use of the Yamal pipeline, Dutch gas exports could be cut even further. Norwegian plans for gas development appear less clear-cut, but here also it has been assumed that little could be done to affect Norwegian gas policies. I believe that these assumptions should be questioned and that Dutch and Norwegian gas production and price policy should be reexamined in the light of changes in: economic conditions, budgetary requirements, energy markets, and domestic politics.

3. I suggest that EURA, with help from OGI, prepare two brief Intelligence Memoranda on Dutch and Norwegian gas policy. In each IM, the following questions could be addressed:

(1) What are the natural gas resources and reserves--in this connection,



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(2) What are the present policies concerning gas production, development, and depletion? On what economic, financial, and social assumptions were these policies based?

(3) What changes have occurred, and are likely to occur in the

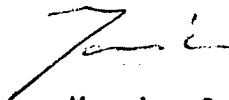
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future, in the determinants of these gas policies?

- a. Are foreign exchange requirements growing more or less rapidly?
  - b. What about budgetary requirements?
  - c. Or other changes in economic perspectives or prospects?
- (4) How are these changes affecting the views of different political groups and parties concerning gas policy?
- (5) Do these political differences give the US or other countries any means of influencing Dutch or Norwegian gas policy?



Maurice C. Ernst